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IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

No. 313

WOLFIES REST. INC.,

Petitioner,

vs.

LINCOLN RESTAURANT CORP. and COLLINS RESTAURANT CORP., doing business as a joint venture under the firm name and style of "WOLFIES" and WOLFIES TWENTY-FIRST STREET RESTAURANT, INC.,

Appellees.

PETITION OF WOLFIES REST. INC. FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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Appellees.

PETITION OF WOLFIES REST. INC. FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Wolfies Rest. Inc. (hereinafter referred to as "Petitioner" or "Defendant"), the defendant-appellant below, prays that a writ of certiorari issue to review the order and opinion of the United States Court of Appeals for the Second Circuit, entered in the above case on June 5th, 1961, and the mandate entered thereon on June 21, 1961.

OPINIONS BELOW

The opinion of the Court of Appeals with respect to which Petitioner here seeks certiorari, is dated June 5th, 1961. It upholds the order of the District Court enjoining Petitioner from using the name Wolfies in any manner. This decision was with an important dissent by Moore, J.

There is no question of monetary compensation involved as all claims to damages were waived. The opinion is reported at 129 U. S. P. Q. 374 and is printed at Appendix A.

The opinion and order of the District Court from which Petitioner appealed is dated June 16, 1960. It enjoined the Petitioner from using the name Wolfies in any manner. That opinion is reported at 185 F. Supp. 454 (E. D. N. Y. 1960) and is printed at Appendix B.

JURISDICTION

The mandate of the Court of Appeals for the Second Circuit is dated June 21, 1961. The jurisdiction of this Court is invoked under 28 U. S. C. 1254(1).

QUESTIONS PRESENTED

1. Is the holding of the Circuit Court an attempt to create a non-statutory Federal Law of Unfair Competition in conflict with prior law and the doctrine of *Erie R. R.* v. *Tompkins?*

2. Is it contrary to sound public policy for the courts to grant a non-statutory monopoly in names through the alleged medium of the unfair competition doctrine and thereby permit preemption of the English language?

3. Is the holding of the Circuit Court that Petitioner's use of the non-registered name Wolfies is unlawful, in conflict with the laws of the State of New York and in violation of the doctrine of *Erie R. R.* v. *Tompkins?*

4. Is the holding of the Circuit Court that Petitioner-Defendant's use of the non-registered name Wolfies is unlawful in conflict with its own prior law?

STATEMENT OF FACTS

Plaintiffs-appellees and their predecessors in interest are the proprietors of two restaurants, and use the designation Wolfies in Miami Beach, Florida and have done so since at least 1952.

Petitioner likewise owns a restaurant some 1400 miles from Miami Beach opposite Brooklyn College in Brooklyn, New York and has used the designation Wolfies since February, 1954 for its restaurant.

In April, 1954, plaintiffs caused a registered letter to be sent to defendant demanding that defendant "cease and desist" from using the name "Wolfies". Subsequently, an action was started by the plaintiffs.

At the trial, Judge Byers enjoined the defendant's use of the name, the plaintiffs having waived all claim to damages, and defendant appealed. This decision of the District Court was affirmed, two to one, by the United States Court of Appeals for the Second Circuit.

Prior to the trial, defendant's motion for summary judgment on the ground that a prior identical action under the New York State Penal Law, Section 964, commenced by the same plaintiffs against the same defendant, had been dismissed in the Supreme Court of the State of New York, was denied. The opinion of Judge Zavatt on that motion is reported at 186 F. Supp. 570 (E. D. N. Y., 1960).

REASONS FOR GRANTING THE WRIT

1. The Circuit Court was in error in attempting to create a federal law of unfair competition.

In his well reasoned dissent in the Circuit Court, Moore, J. questioned the validity or desirability of the courts creating a federal law of unfair competition. If we now recognize a Federal law of unfair competition, the effect of *Erie R. R.* v. *Tompkins*, 304 U. S. 64 (1938) in requiring the Federal courts to apply the state law in actions of unfair competition, would be nullified. See, *Developments in the Law, Trademarks and Unfair Competition*, 68 Harvard Law Review 814, at 878 (1955).

There is no doubt that Section 1338(b) of the Judicial Code included by Congress as part of the Judiciary Act of 1948, 62 Stat. 869 (1948) confers jurisdiction on the Federal courts of a claim in unfair competition when joined with a substantial claim in patents, copyrights or trademarks law, and if there were a Federal law of unfair competition, this 1948 enactment would have been meaningless.

Though Federal law may be desirable in the law of unfair competition, it is not the province of the Circuit Court so to decide and thereby contravene the doctrine in *Erie*. Recent judicial pronouncements and Congressional actions support petitioner's contention that there is no Federal law of unfair competition and the attempt to create one in the instant case is without merit.

In clear and unequivocal language in *L'Aiglon Apparel* v. *Lana Lobell, Inc.*, 214 F. 2d 649 (3rd Cir., 1954) the Court held that the Lanham Act did not give Federal courts jurisdiction of unfair competition claims to the full extent of its power to regulate commerce.

As further evidence of the failure of Congress to have created a Federal law of unfair competition, Representative John V. Lindsay, a member of the House Judiciary Commmttee, introduced on February 20, 1961, H. R. 4590 (87th Cong., 1st Session) a Bill to create a Federal law of unfair competition, something which now does not exist. See "The Travails of a Federal Law of Unfair Competition" by Philip J. O'Brien, Jr. in XV The Business Lawyer 279 (Jan. 1960).

Petitioner submits that under the applicable law, the Circuit Court was in error as ably pointed out by Moore, J. in his dissent, in attempting to create in this case a Federal law of unfair competition.

Petitioner further submits that this error and the principle involved requires the studious attention and review by this Court.

2. The granting by the Courts of a non-statutory monopoly in words in the English language through the alleged medium of the law of unfair competition is contrary to sound public policy.

In the instant case, in the dissent by Moore, J., he concisely states:

> "A restaurateur in the southeastern part of the country takes unto himself a not too unique nickname for a restaurant and straightway obtains without statutory sanction a permanent monopoly to the exclusion of every other inhabitant of our fifty states. This result will not withstand analysis. To the trial court, 'This is an unfair competition case • • •' yet he finds 'that the parties are not in direct competition.' This circumstance is considered 'unusual' as indeed it is. On appeal the suit is 'to protect their [plaintiffs'] common law right to their trade name.' Plaintiffs advance the theory that the trade name

> 'Wolfies' is a valuable asset and the priority of use gives to the prior user the exclusive right to it."

Judge Moore cites the action by the majority in this case as another example of the anomalous situation created by the court's endeavors to grant a non-statutory monopoly, through the medium of the "unfair competition" doctrine, which monopoly goes far beyond that bestowed by legislative enactment.

For the courts to protect the preemption by business entities of ordinary or common words in the English language is to pave the way for the eventual taking of areas of our language in a manner never contemplated by the Constitution of the United States.

The time to stop this misappropriation is now. Petitioner submits that it is contrary to sound public policy in the absence of statutory authority, to grant a local restaurant in Miami Beach the exclusive use of the name "Wolfies" to the exclusion of all others when the trade of the local Miami Beach restaurant is not adversely affected by other uses. See, *Warner Bros. Co.* v. *Jantzen, Inc.*, 249 F. 2d 353 (2d Cir. 1957); *Eastern Wine Co.* v. *Winslow-Warren, Ltd.*, 137 F. 2d 955 (2d Cir. 1943).

This misappropriation in contravention of the rights of the public is even more amazing to contemplate when there is not only no competitive factor involved but the prior appropriators (the plaintiffs-appellees) have made no attempt to preserve their alleged trade name from tarnishment.

When questioned as to the other "Wolfie" restaurants in the State of Florida which have the name by means of

a contractual or licensing arrangement with plaintiffs-appellees, the President of the Corporations which are plaintiffs-appellees, indicated complete disregard of their operations. (See portion of testimony on this at Appendix 1a-2a and defendant-appellant's brief below at pages 10-13).

As is pointed out in Wehringer, *Trademark Licenses: Control Provided, Control Exercised*, 47 Trade Mark Reporter 287 (1957), standards of quality must be maintained in licensing. Here we have no standards, no supervision, no quality and no interest in cleanliness or stye or mode of operation.

"Thus, the licensor retains rights in the mark as long as the marketed product represents 'the efforts, the experience, or the responsibility' of the licensor." Note, *Developments in the Law—Trade Marks and Unfair Competition*, 68 Harvard L. Rev. 814, 872 (1955).

It would seem that the plaintiffs as licensors have deliberately evaded their responsibility to the public. *Cf.* Section 45 of the Lanham Act, 17 U. S. C. §1127, which defines for Section 5, 17 U. S. C. §1055 as follows:

> "The term 'related company' means any person who legitimately controls or is controlled by the registrant or applicant for registration in respect to the nature and quality of the goods or services in connection with which the mark is used."

Thus we have a situation where under a statutory trade mark, standards are required to be maintained, but under the type of Federal law of unfair competition applied in the opinion of the majority in the Court of Appeals, no standards are necessary.

3. The Circuit Court erred in its interpretation of New York law, as required by the doctrine of *Erie R. R.* v. *Tompkins*.

Under the doctrine of *Erie R. R.* v. *Tompkins*, 304 U. S. 64 (1938), state law is the governing law in unfair competition actions in the Federal Courts where, as in this action, jurisdiction is based upon diversity of citizenship. Federal law is the controlling law in a statutory action for infringement of a registered trademark, but not in a case as this—where only the tort of unfair competition is alleged. Hence, the Circuit Court was required to follow the applicable state law which here would require a holding for the defendant.

The most recent pronouncement supporting petitioner's contention is the New York State Court of Appeals decision in *Dell Publishing Co. Inc.* v. *Stanley Publications, Inc.*, 9 N. Y. 2d 126, 211 N. Y. S. (2d) 393 (1961). This was an action by a magazine publisher using the word "Modern" in the title of its magazine "Modern Romances", seeking to enjoin another publisher from using the word "Modern" in its magazine title "Modern Confessions". The New York Court of Appeals affirmed the denial of relief to the plaintiff where the evidence did not warrant a finding of a reasonable tendency to cause confusion, stating:

> "It is well established, . . . that not all similarity will be enjoined * * *. It must be assumed that the public will use reasonable intelligence and discrimination * * *. In cases such as this it should be presumed that the public makes use of the senses of sight and hearing, and that it is possesed of a suffient amount of intelligence to note the difference the senses convey. The court ought not to interfere with the freedom of conduct of trade and general business competition * * *." 9 N. Y. 2d at 134

In addition, there is the holding of the State Supreme Court dismissing a previous complaint by these very plain-

tiffs against this defendant. See 186 F. Supp. 570 (E. D. N. Y., 1960). The Circuit Court passes over this question by finding that it is not *res judicata* and ignoring the *Erie* doctrine.

Therefore, petitioners contend that under controlling New York law, the federal courts sitting in the State of New York should be compelled to find for petitioner, which was not done herein. This inequity merits attention and clarification by the Supreme Court of the United States.

4. The holding of the Second Circuit was in conflict with its own prior decisions.

It has long been established that where two parties independently are employing the same name upon the same items, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant. *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403 (1916).

It was very ably stated in the instant case in the vigorous dissent of Circuit Judge Moore, that the majority of the Court of Appeals was greatly influenced by their conclusion that the defendants appropriated the plaintiffs' tradename—but intent is not controlling. A tradename implies trade. If trade is not affected, there is no loss.

All the recent cases in the United States Court of Appeals for the Second Circuit require proof of secondary meaning *and* likelihood of confusion. *Aron Shoe Co. Inc. and Haymaker Shoe Corporation* v. *David Crystal Inc., Haymaker Sports, Inc., et al.*, 279 F. 2d 125 U. S. P. Q. 607 (1960); *J. R. Wood & Sons, Inc.* v. *Reese Jewelry Corporation*, 278 F. 2d 157, 125 U. S. P. Q. 367 (1960); *American Marietta Co.* v. *Krigsman*, 275 F. 2d 287, 124 U. S. P. Q. 320 (1960); *Speedry Products, Inc.* v. *Dri Mark Products, Inc.*, 271 F. 2d 646, 123 U. S. P. Q. 368 (1959); *Norwich Pharma-*

cal Company v. *Sterling Drug, Inc.*, 271 F. 2d 569, 123 U. S. P. Q. 372 (1959).

The holding in the instant case is in direct conflict with this approach and requires the attention of the Supreme Court of the United States to resolve the conflict.

CONCLUSION

This action is an attempt by a local restaurant in southern Florida to take unto itself words in the English language and thereby obtain a non-statutory monopoly. The assistance of the Court of Appeals for the Second Circuit in this attempt is—

(a) An attempt to create a non-statutory Federal law of unfair competition;

(b) Contrary to sound public policy;

(c) In conflict with the controlling law of the State of New York; and

(d) In conflict with other law in the Second Circuit.

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX A

Opinion of Court of Appeals

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 160—October Term, 1960.

(Argued February 21, 1961 Decided June 5, 1961.)

Docket No. 26567

LINCOLN RESTAURANT CORP. and COLLINS RESTAURANT CORP., doing business as a joint venture under the firm name and style of "Wolfies," and WOLFIES TWENTY-FIRST STREET RESTAURANT, INC.,

Plaintiffs-Appellees,

—v.—

WOLFIES REST. INC.,

Defendant-Appellant.

Before:

HINCKS and MOORE, Circuit Judges, and
BRENNAN, *District Judge.**

Defendant appeals from a decree of the United States District Court for the Eastern District of New York, Mortimer W. Byers, *Judge*, 185 F. Supp. 454, restraining it from using plaintiffs' common law trade name. Affirmed.

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* Sitting by designation.

Joseph G. Gubman, New York City (Shapiro, Gubman & Sitomer, New York City, on the brief), *for plaintiffs-appellees.*

Theodore R. Kupferman, New York City (Schnur, Kupferman & Price, Sidney O. Raphael, and Robert Price, on the brief), *for defendant-appellant.*

Hincks, *Circuit Judge*:

Plaintiffs are the proprietors of two well known restaurants and sandwich shops, both called "Wolfies," in Miami Beach, Florida. Defendant, with knowledge of plaintiffs' prior use, opened a restaurant called "Wolfies" in Brooklyn, New York. Plaintiffs brought suit to protect their common law right to their trade name. Judge Byers below enjoined defendant's use of the name, the plaintiffs having waived all claim to damages, and defendant appeals.

Defendant's principal argument here is that there was no proof that plaintiffs had established a secondary meaning or likelihood of confusion in the Brooklyn area and that therefore plaintiffs failed to present a case. It is true that Judge Byers made no express finding on secondary meaning. This does not, however, require reversal. Plaintiffs' restaurants are exceedingly well known in the Miami Beach area. They are each of approximately the same size and each display an enormous electric sign. There was evidence that prior to the complaint they did an aggregate gross business of $2,500,000 per annum, paid rent of upwards of $95,000 per annum, and spent about $25,000 annually for advertising on buses, taxicabs, and in several newspapers mostly in the Miami area. They had a combined payroll of $10,000 weekly. Together, in the tourist season they served 11,000 persons a day. It was conceded

that at least 5,000 Brooklynites visit Miami Beach every year. The president of one of the plaintiffs testified that periodic polls at the door of his restaurant showed that 50 to 60 per cent of his daily patronage was from Brooklyn.[1] A popular television personality, on a national program emanating from New York and seen in many cities, mentioned that "many prominent theatrical people and sports people usually go to Wolfies after their show and entertainment" when in Miami Beach. This was not a paid-for commercial message, but a spontaneous remark apparently connected with a factual description of Miami Beach life. There was also testimony that Wolfies had been mentioned by a New York night club entertainer and another television personality. The president of one of the plaintiffs testified that when he attended a meeting of the National Boxing Association in New York, most of those present knew of and spoke of the plaintiffs' restaurants, although they came from all parts of the nation. From evidence such as this, the inference seems proper that "Wolfies" means the Florida restaurants, even to residents of Brooklyn.

But even if we assume that a secondary meaning was not established, the order still should be affirmed. Although after plaintiffs objected to defendant's use of the name defendant added a legend—"not connected with any other establishment"—to its menu, it did little if anything else to dispel the possible belief of its customers that they were eating in a Brooklyn branch of plaintiffs' enterprises. Indeed, such a belief was apparently encouraged, by a menu similar in color and format to that of plaintiffs', which featured such items as "Wolfie's Floridian Style French Toast," "Wolfie's Floridian Style Fountain Creations," and "Wolfie's Floridian Style Sundae Delights." All this evidence lends solid support to Judge Byers' finding that

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[1] On a previous occasion he had testified that this percentage of his patronage derived from the City of New York.

defendant's adoption of the name "Wolfies" is compatible with nothing but "a purpose to capitalize in Brooklyn upon the trade name 'Wolfies' first adopted by the plaintiffs in Miami Beach." Thus intent to trade on plaintiffs' reputation and plaintiffs' name was specifically found, and we see no distinction between this and ordinary "palming off" in a products case. As this court has recently recognized, "a court of equity will restrain such practices as constitute palming off, actual deception or appropriation of another's property" even absent proof of secondary meaning. *Norwich Pharmacal Co.* v. *Sterling Drug, Inc.*, 2 Cir., 271 F. 2d 569, 571, cert. denied 362 U. S. 919. See *Santa's Workshop, Inc.* v. *Sterling*, 3rd Dep't, 2 A. D. 2d 262, 153 N. Y. S. 2d 839; *Upjohn Co.* v. *Schwartz*, 2 Cir., 246 F. 2d 254. Cf. *Yale Elec. Corp.* v. *Robertson*, 2 Cir., 26 F. 2d 972. That plaintiffs' and defendant's restaurants are far apart is not necessarily a decisive fact. See, e.g., *Ambassador East, Inc.* v. *Orsatti, Inc.*, 3 Cir., 257 F. 2d 79 (Chicago "Pump Room" obtains injunction against Philadelphia restaurant); *Stork Restaurant, Inc.* v. *Sahati*, 9 Cir., 166 F. 2d 348 (New York "Stork Club" obtains injunction against San Francisco tavern); *Vaudable* v. *Montmarte, Inc.*, Sup. Ct., 193 N. Y. S. 2d 332 (Paris "Maxim's" obtains injunction against New York restaurant).

Appellant also claims that the dismissal of an application by appellees for an injunction pursuant to New York Penal Law §964, which makes it a misdemeanor for one with intent to deceive the public to assume the corporate, assumed, or trade name of another and provides for injunctive relief, is *res judicata* here. There is no substance to this contention. Section 964 requires proof by affidavit and such absence of a factual issue that the case would be appropriate for summary judgment under New York practice. An unsuccessful §964 petitioner, "of course, may be entitled to the relief it seeks in a plenary action • • • The two remedies are not to be confused." *Industrial Plants*

Corp v. *Industrial Liquidating Co.*, 1st Dep't, 286 App. Div. 568, 146 N. Y. S. 2d 2, 7.

Appellant's other contentions are similarly without merit.

Affirmed.

MOORE, *Circuit Judge*, dissenting:

Here is another example of the anomalous situation created by the courts' endeavors to grant a non-statutory monopoly through the medium of the "unfair competition" doctrine, which monopoly goes far beyond that bestowed by legislative enactment.[1] Plaintiffs operate restaurants in Miami Beach, Florida, under the name "Wolfies." Apparently, "Wolfie" was the nickname of a gentleman by the name of Wilfred Cohen. Had he been named Edward Cohen, Samuel Cohen, Gerald Cohen or Joseph Cohen, he, if nickname minded, would doubtless have considered such distinctive names as "Eddie's," "Sam's," "Jerry's," and "Joe's" for his restaurant.[2] If endowed with the not too

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[1] See the comment of Judge Clark in his dissent in *American Safety Table Company, Inc.* v. *Schreiber* v. *Goldberg*, 2 Cir., 1959, 269 F. 2d 255, cert. den., 1959, 361 U. S. 915, "The all but wholly obscured truth is that the well-known concept of unfair competition is being employed to fashion and shelter a monopoly * * *" (p.). The dangers to which Judge Clark adverted were heeded in the second opinion, 287 F. 2d 417 (decided February 28, 1961), wherein the court said, referring to a perpetual monopoly established via unfair competition, "We certainly never intended any such result. On the contrary, as indicated in the opinion again and again, we intended no departure from the basic principles of the law of unfair competition as stated in this Circuit."

[2] With respect to the service of food, in the New York Manhattan 1961 telephone book, "Eddie's" is found 7 times, "Jerry's" 5 times, "Joe's" 13 times, even "Wolfies" once. In the Brooklyn book, "Eddie's" 4 times, "Jerry's" 8 times and "Joe's" 27 times. Other cosmopolitan centers would probably contribute a proportionately equal number of similarities.

uncommon name "Smith," he would have used "Smitty's"[3] and, for some reason, every "Moore" in the restaurant business must be a "Dinty."

The restaurant, apparently of the glorified sandwich and ice cream type, achieved popularity with certain elements. Subsequently some 1,400 miles away in Brooklyn, New York, opposite the campus of Brooklyn College (some 25,000 students) appeared a similar type restaurant also using the name "Wolfies." It not only took the name "Wolfies" but imitated the menu format and presumed to confuse the international situation by offering in Brooklyn Floridian French Toast. Upon the trial instead of saying, "I copies Wolfies of Miami; what's wrong with that?", defendant indulged in a series of fantastic explanations. First, the father of a friend was name Wolf Pollack. Second an officer of defendant, was a "wolf," meaning thereby a person whose vaunted attraction for the opposite sex met with a fair degree of success and reciprocity. Third, the electric sign which had borne the previous name "JACKIES" could be easily and cheaply altered by substituting "Wolf" for "Jack."

Were the underlying principles of the law of unfair competition not of paramount importance here, defendant's explanatory efforts could well merit the award of affirmance. But the case is not thus easily to be disposed of. A restaurateur in the southeastern part of the country takes unto himself a not too unique nickname for a restaurant and straightway obtains without statutory sanction a permanent monopoly to the exclusion of every other inhabitant of our fifty states. This result will not withstand analysis. To the trial court, "This is an unfair competition case * * *" yet he finds "that the parties are not in direct competition." This circumstance is considered "unusual"

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[3] In New York and Brooklyn, "Smitty's" is found 3 times.

as indeed it is. On appeal the suit is "to protect their [plaintiffs'] common law right to their trade name." Plaintiffs advance the theory that the trade name "Wolfies" is a valuable asset and that priority of use gives to the prior user the exclusive right to it.

I cannot but believe that unfair competition should mean (1) competition and (2) that it is unfair. Obviously, there is no competition between Wolfies (Miami) and Wolfies (Brooklyn). If the Brooklyn College student who seeks physical rehabilitation from his mental debilitation caused by a two-hour examination believes that he is walking across the street into Wolfies of Miami, he would truly be in a state of post-examination shock. Nor is it possible that a family from the midwest, anxious to visit Wolfies, would find itself in Brooklyn instead of Miami. Everyone gets lost in Brooklyn—but not that lost. The trial court itself has found "that the plaintiffs do not claim to have suffered any financial loss to be traced to the use of the name 'Wolfies,' which eliminates any such aspect of the controversy." (185 F. Supp. 454, 456.) The court, however, was greatly influenced by defendant's flagrant appropriation of the name. But intent is not controlling. A trade name implies trade. If trade is not affected, there is no loss.[4] There is no "chance that this [the use of the name "Wolfies"] will deflect buyers who would otherwise buy of the putative other source * * * [which would cancel] the second comer's privilege of reproducing the original, which he has in common with the public at large (Judge Learned Hand in *American-Marietta Co.* v. *Krigsman*, 2 Cir., 1960, 275 F. 2d 287). Furthermore, there is no proof or even

[4] A leading English case describes the principle upon which the courts act in protecting a trade name as being the protection of a plaintiff from a loss of business caused by confusion as well as the protection of the public from being misled by misrepresentations. *Levy* v. *Walker*, 1879, 10 Ch. D. 447.

claim that plaintiff's name, credit, reputation for quality, or kindred assets are being tarnished by defendant.

Recognition must be given to the many cases in which the restaurant name is quite unique such as the "Stork Club,"[5] the "Pump Room,"[6] "Cock 'N Bull"[7] and "Ruby Foo."[8] All these cases can be put into the deception category because of the unusual name. The courts, unfortunately, can never avoid the task of making distinctions or drawing border lines. If the courts are to look for legislative guidance as to national policy relating to monopoly, the statute (buttressed by Supreme Court decisions) disclose a tendency to grant monopolies in a most restrictive manner limited in time and bestowed only upon a showing of merit. It may well be that a "Stork Club" or a "Pump Room" should qualify for exclusionary protection as against an ordinary citizen named "Joe" but quaere whether a restaurant operator using a soubriquet in its familiar or diminutive form "Wolfie" can in this day and age claim such uniqueness whether it emanates from a name or from a characteristic. In my opinion, such a holding disregards the principles of unfair competition recently declared in this Circuit.[9]

I therefore would reverse and dismiss the complaint.

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[5] *Stork Restaurant Inc.* v. *Sahati*, 9 Cir., 1948, 166 F. 2d 348.

[6] *Ambassador East Inc.* v. *Shelton Corners Inc. et al.*, D. C. S. D. N. Y., 1954, 120 F. Supp. 551.

Nagrom Corporation v. *Cock 'N Bull Inc.*, D. C. D. C., 1957, 149 F. Supp. 217.

[8] *Pike* v. *Ruby Foo's Den, Inc.*, D. C. Cir., 1956, 232 F. 2d 683.

[9] *American-Marietta Co.* v. *Krigsman*, 2 Cir., 1960, 275 F. 2d 287; *Speedry Products, Inc.* v. *Dri Mark Products, Inc.*, 2 Cir., 1959, 271 F. 2d 646; *Norwich Pharmacal Company* v. *Sterling Drug, Inc.*, 2 Cir., 1959, 271 F. 2d 569.

APPENDIX B

Opinion of the District Court

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF NEW YORK

Civil Action No. 16936

June 16, 1960

LINCOLN RESTAURANT CORP. and COLLINS RESTAURANT CORP., doing business as a joint venture under the firm name and style of WOLFIES and WOLFIES TWENTY-FIRST STREET RESTAURANT INC.,

Plaintiffs,

against

WOLFIES REST. INC.,

Defendant.

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Attorneys for Defendant,
By: JOSEPH A. SOLOVEI, of Counsel.

BYERS, D. J.:

This is an unfair competition case in which plaintiffs, two Florida restaurant corporations conducted as a joint venture, seek to enjoin the defendant, a New York restaurant corporation, from using the name "Wolfies" in any manner. Thus it is a true diversity case.

The circumstances are unusual in that the parties are not in direct competition, since they operate in areas so widely separated as Miami Beach (and perhaps other places) in Florida, and the Borough of Brooklyn in the City of New York.

If the theory of the plaintiffs is understood, it is that they have the right to protest against the use in Brooklyn of their trade name because of the large number of persons from Brooklyn who visit Miami Beach during the tourist season, and patronize the plaintiffs. In other words, that the trade name and good will of the plaintiffs may not be legally transported to Brooklyn and taken advantage of by the defendant in the prosecution of its own business through the mere adoption of the name "Wolfies."

Since the same activity—the conduct of restaurants—is common to both, the plaintiffs' cause cannot be said to be lacking in substance, in light of the evidence presently to be discussed.

It has been effectually established that the plaintiffs do not claim to have suffered any financial loss to be traced to the use of the name "Wolfies," which eliminates any such aspect of the controversy.

It is not disputed that the plaintiffs as early as 1952 began doing restaurant business in Miami under the name "Wolfies" or "Wolfies Restaurant." The process which led to that development is presently unimportant. Nor is there any question that the business so established grew and flourished in the succeeding years, down to the time when this suit was started in September of 1956. There were extensive advertising expenditures by the plaintiffs during these years.

The important inquiry with which the court is concerned at the outset, is whether the adoption of the name "Wolfies" by the defendant was a purely fortuitous thing, or a deliberate effort to create a false impression to the effect that the Florida restaurants and that of the defendant constituted the same or related enterprises.

Of course the defendant denies any such purpose or intent, and argues that the very remoteness of Brooklyn from Miami proves the innocence of its motives in assuming the trade name "Wolfies." It is required therefore to weigh the evidence closely to reach a conclusion on this aspect of the case.

That the plainitff jointly operate two large and flourishing restaurants in Miami Beach, Florida, under the name "Wolfies" is an undisputed fact; also that the word "Wolfies" is prominently displayed on large electric signs (8 ft. x 12 ft.) in connection with each establishment and that during the tourist season they serve together some 10,000 customers per day. The advertising done is extensive and includes newspapers, radio and television.

The said two restaurants have used "Wolfies" as their trade name since not later than January of 1952. So much is conceded and hence requires no finding.

There is substantial evidence that the plaintiffs and their predecessors used the name as early as 1947, but no finding is made to that effect since the fact of priority is more important than its precise stature.

The defendant restaurant was opened about February 12, 1954, and the corporation was organized January 5, 1954. These dates are not contested and hence require no finding.

There was actual knowledge on the part of the defendant corporation at the time the name "Wolfies" was adopted, that there was a "Wolfies" restaurant in Florida. That fact was testified to by defendant's vice-president, Gilman, and is thus established for present purposes, not having been contradicted by any other officer of defendant.

Since the choice was informed and deliberate, all legal consequences flowing therefrom were necessarily reckoned with by the defendant.

A recent quotation from *Karen etc.* v. *Chiarcrotti*, 181 F. Supp. 827, 830, seems justified, although the facts in

that case were more stringently against that defendant than are here present:

> "In any event, as stated in Adam Hat Stores, Inc. v. Scherper, D. C., 45 F. Supp. 804, 806, any rights of a second user in a territory not already occupied by the first user are subject to the conditions:
>
> '* * * that the second user must have innocently adopted the mark and must show it was not adopted for the purpose of forestalling the first user's extension of his mark in that territory.'"

For a succinct statement of the rights of a prior user of a trade name, see *White Tower etc.* v. *White Castle etc.*, 90 F. 2d 67 at 70.

As bearing upon the reasons for the selection of the name in litigation, the testimony for the defendant is (p. 361):

> "The Witness: (Gilman) There were several reasons why we used it, your Honor.
>
> "The Court: What did you use it in connection with? (*Note*, he had said that the name was adopted 'prior to opening the store.')
>
> "The Witness: Number one, Sam Pollack's father, who helped him along in getting into this deal with us, his name is Wolf Pollack.
>
> Number two, Joe Gershman has been called Wolfie since he has been a boy.
>
> Number three, the sign, and it still is there, is a sign reading Jackie's, a stainless steel sign across the entire length of the building.
>
> We tried to save money and so conserve expenses, and because the previous reasons, we still have the word, I-E-S, saved, and salvaged from that sign, and we added W-O-L-F."

As to the first, Samuel Pollack is the president of the defendant, but why *his* father's name should have been chosen to identify the defendant's restaurant, as so stated, is not easy to follow, in the absence of a convincing statement by Pollack himself on the subject.

Concerning the second reason, Joseph Gershman, the secretary and a stockholder of the defendant, is said to have been known by the name Wolfie since boyhood because of his manifest attractions for the opposite sex. His age does not appear, but the reason in 1954 for reverting to his adolescent proclivities, when the defendant's business was established, for the purpose of creating a commercial identity, impressed the Court as being entire synthetic.

Reason three, the economical use of the electric sign, becomes obviously trivial when the number of available four letter masculine name abbreviations is brought to mind.

The explanation thus offered for the selection of the name "Wolfies" is found to be specious and incompatible with anything but a purpose to capitalize in Brooklyn upon the trade name "Wolfies" first adopted by the plaintiffs in Miami Beach, Florida, as heretofore stated.

Any possible doubt concerning the foregoing is dispelled by a comparison between Plaintiffs' Exhibit 1, the menu used by plaintiffs at the time of institution of this suit, and Plaintiffs' Exhibit 4, a menu used by defendant in 1954, and probably in 1955, although the record is not clear as to that.

The second so closely resembles the first in color, pictorial design, arrangement and general appearance, as to exclude any purpose in its adoption save to make as close a copy of the plaintiffs' menu as the circumstances of different locations would permit, and thus to suggest a close relationship between the plaintiffs' and the defendant's establishments.

In the event of an appeal from this decision, I venture to suggest that these two exhibits be physically submitted for the inspection of the reviewing court.

The testimony of defendant's witnesses as to how the defendant's said menu came to be adopted, including that of the printer, is rejected as being palpably unconvincing; the exhibits speak for themselves with overwhelming persuasion. The defendant's case gained nothing from this testimony.

A later version of Exhibit 4 contained the words "Not connected with any other establishment" in red 1/16" letters at the bottom of the center or inside of the menu.

How far those words so appearing would divert attention from the entire showing made by the outside of the cover, is too argumentative for present discussion. They should be considered, however, in connection with the words,

> "Wolfie's Floridian Style French Toast,"
> "Wolfie's Floridian Style Foundation Creations,"
> "Wolfie's Floridian Style Sundae Delights,"

all of which appear either on the inside, or back cover. The assertion that the terminology was suggestive of flowers rather than Florida, is characteristic of the defendant's entire presentation.

The plaintiffs caused written notice to be given to the defendant, under date of April 20, 1954, to cease and desist from using the name "Wolfies" which contained these words "That if you don't accord with this notice, we will take advantage of our legal rights."

The letter was ignored, but served the purpose of putting the defendant on notice (within two and one-half months of the opening of the restaurant) that the continued use of "Wolfies" might involve legal consequences. The defendant chose to disregard this notice, and in so doing must be held to have contemplated all probable consequences.

With the factual finding above made, it is required to consider certain contentions of law advanced by the defendant:

(1) The plaintiff is confronted by *Res Judicata.*

This draws attention to a proceeding in the Supreme Court of New York, County of Kings, which resulted in an order dated December 3, 1954, denying these plaintiffs' motion for statutory relief, in a proceeding under Section 964 of the New York Penal Law having to do with the alleged unlawful use by the present defendant of the word "Wolfies" within the contemplation of the statute.

The legal effect of that proceeding was the subject of an opinion by Judge Zavatta dated March 25, 1960, as the result of a motion made by the defendant pursuant to Rule 56 of the Federal Rules of Civil Procedure, for summary judgment.

It is unnecessary to repeat what appears in the said decision which denied the motion on the ground that this being an action for unfair competition, the issues are not the same as those presented to the State Court.

An order was entered pursuant to said decision, from which no appeal was taken, (See, as to appealability, *Federal Glass etc.* v. *Loshin*, 217 F. 2d 936) and it therefore effectually disposed of the question for present purposes.

The said State Court proceeding is of interest in that it shows that during the year 1954 these plaintiffs undertook to pursue certain legal remedies against this defendant touching the matters here in controversy, although that effort seems to have been ill advised as a matter of law.

It results that as to this argument, the defendant cannot prevail.

(2) There is no actual competition between these parties and therefore the plaintiffs cannot succeed, because of the territorial difference in their fields of activity.

There are cases which seemingly support this contention, such as:

Lerner etc. v. *Lerner*, 162 F. 2d 160:

This case involves the use by defendant of his own surname, Lerner, not a fanciful trade name having no true significance as a family name. The other facts discussed in the opinion clearly distinguish the issues with which that court had to deal from those here involved. Thus the decision is not apposite.

Pike v. *Ruby Foo's etc.*, 116 F. Supp. 336:

This case involved a receiver's sale of corporate assets, which the court held to include a trade name. Comments in that connection are confined to the question presented for decision.

Carroll v. *Duluth, etc.*, 232 Fed. 675 (1916):

To the extent that the opinion discusses geographical limitations in an unfair competition case, it cannot be regarded as of current authority.

El Chico, Inc. v. *El Chico Cafe*, 214 F. 2d 721:

The parties were not in the same line of business and therefore relief was denied to plaintiff.

The following cases are in point as to the facts involved, and are clearly authorities to the effect that the plaintiffs are entitled to the relief that they seek:

Ambassador East, Inc. v. *Orsatti, Inc.*, 257 F. 2d 79;

Stork Restaurant v. *Sahati*, 166 F. 2d 348;

Stork Restaurant v. *Marcus*, 36 F. Supp. 90;

Brass Rail, Inc. v. *Ye Brass Rail, etc.*, 43 F. Supp. 671;

Ambassador East v. *Shelton Corners*, 120 F. Supp. 551;

Maison Prunier v. *Prunier's Restaurant, etc.*, 288 N. Y. S. 529.

In conclusion, it is to be observed that even if the defendant believed that it was within its legal rights, under the circumstances, in adopting and using the name "Wolfies," this was a mistaken view, and cannot deprive the plaintiffs of the cause that they have pleaded and adequately presented.

Decree is ordered for plaintiffs for an injunction as prayed, on the merits; and since they have adequately waived any claims for damages, which could not have been proved according to the testimony, the judgment will be so limited.

If additional findings are desired, they are to be settled on notice.

Settle decree.

M. W. B.
U. S. D. J.

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IN THE

Supreme Court of the United States

October Term, 1961

No. 319

WOLFIES REST. INC.,

Petitioner

vs.

LINCOLN RESTAURANT CORP. and COLLINS RESTAURANT CORP., doing business as a joint venture under the firm name and style of "WOLFIES" and WOLFIES TWENTY-FIRST STREET RESTAURANT, INC.,

Appellees.

BRIEF IN OPPOSITION TO PETITION OF WOLFIES REST. INC. FOR A WRIT OF CERTIORARI.

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IN THE

Supreme Court of the United States

October Term, 1961

No.

———o———

WOLFIES REST. INC.,

Petitioner,

vs.

LINCOLN RESTAURANT CORP. and COLLINS RESTAURANT CORP., doing business as a joint venture under the firm name and style of "WOLFIES" and WOLFIES TWENTY-FIRST STREET RESTAURANT, INC.,

Appellees.

———o———

BRIEF IN OPPOSITION TO PETITION OF WOLFIES REST. INC. FOR A WRIT OF CERTIORARI.

Statement of the Case

The plaintiff and their predecessors in interest have used the trade name "WOLFIES" since 1947.

The petitioner acquired a closed restaurant, the two prior owners of which had failed; made no changes thereto and spent no money for improvements, adopted the trade name "WOLFIES" which the petitioner had not theretofore used and opened for business with that trade name on February 11, 1954. On April 20, 1954 appellees caused a registered letter to be sent to the petitioner demanding that the said petitioner desist from using appellees' trade name

with a warning that steps will be taken to protect this trade name if the demand go unheeded. This was ignored by the petitioner.

After extended pretrial maneuvers the matter came on for trial before Judge Byers whose decision enjoined the petitioner's use of the name "WOLFIES". The petitioner appealed to the Circuit Court of Appeals for the Second Circuit and the decision of the district court was affirmed.

Petitioner now seeks further review to the United States Supreme Court by Petition for a Writ of Certiorari which petition should be denied.

POINT I

The petition of the defendant-appellant is defective in its failure to observe the rules of this Court.

The Revised Rules of the Supreme Court of the United States make provision for the contents of a Petition for Certiorari, which rules have been disregarded by the defendant-appellant in the following manner:

A. Petitioner failed to set forth the grounds on which the jurisdiction of the United States Supreme Court is invoked.

B. The basis for federal jurisdiction in the court of first instance has been omitted.

C. Appellant has omitted a direct and concise argument amplifying the reasons relied on for the allowance of the writ.

D. Appellant has placed matters irrelevant, immaterial and scandalous in its petition.

Point I—A

The petitioner has failed to set forth the grounds on which the jurisdiction of the Supreme Court is invoked.

The Revised Rules of the Supreme Court of the United States provide, with reference to the Petition of Certiorari that:

> "RULE 23" PETITION FOR CERTIORARI
>
> "1. The petition for writ of certiorari shall contain in the order here indicated—
>
> * * * (b) A concise statement of the grounds on which the jurisdiction of this court is invoked, showing * * *
>
> (iii) The statutary provision believed to confer on this court jurisdiction to review the judgment or decree in question by writ of certiorari."

Nowhere in the petition of the defendant-appellant can we find such a statement as to the grounds upon which this court's jurisdiction is based.

The allegation of jurisdiction set forth in the petition (p. 2) cites 28 U. S. C. 1254 (1). The section thus cited bases jurisdiction to the Supreme Court on the granting of the within petition for a writ of certiorari, and is not the basis of jurisdiction required by the aforementioned rule of this Court.

Point I—B and C

In the same way appellant has failed to observe the provisions of Rule 23 of the Revised Rules of the Supreme Court of the United States in disregard of subparagraph 1(g) and (h) which provide:

> "* * * (g) If review of the judgment of a federal court is sought, the statement of the case shall also show the basis for federal jurisdiction in the court of first instance.
>
> (h) A direct and concise argument amplifying the reasons relied on for the allowance of the writ. See Rule 19."

When one examines Rule 19 there is set forth a guide to be followed as considerations governing review on cer-

tiorari. The applicable provisions of this rule to the facts of this case are nowhere shown and are indeed absent for this case.

Point I—D

Defendant-appellant seeks to confuse the issues in this case by the use of immaterial, irrelevant and scandalous matter which both by the revised rules of the Supreme Court of the United States, Rule 40(5) as well as general principles of law are to be weighed heavily against the party employing such methods.

The petitioner in his petition, page 5 makes reference to a bill introduced in Congress the contents of which are unexplained and the purpose of its introduction is entirely irrelevant to the case at hand.

The petition, page 4 discusses the Lanham Act, 17 U. S. C. 1050 *et seq.*, and questions of federal jurisdiction created thereunder. As petitioner is well aware, the basis for the jurisdiction of the court of first instance in the instant case was based upon diversity of citizenship as was ably set forth by Judge Byers in his opinion annexed to the petition, page [1b] " * * * it [the instant case] is a true diversity case."

On page 7 the petitioner again alludes to the provisions of the Lanham Act *supra*, without any showing of the materiality of the statute. All reference to jurisdiction and provisions of that act are entirely immaterial to the issues here involved as the plaintiffs-appellees have never sought its rights under this statute.

The petitioner has accused the appellees of deliberately evading its responsibility to the public (petition, p. 7) which is irrelevant, immaterial and certainly scandalous.

This court should not permit the petition any recognition in view of the complete disregard of the rules of this court and as the material contained in the brief is in direct conflict with accepted rules of pleading.

POINT II

The prior dismissal of a proceeding in the State Court is not *res adjudicata*.

The Petition contains reference to a prior holding made by the Supreme Court of the State of New York (pp. 8-9 of the moving petition). To avoid confusion in this regard appellees annex hereto Exhibit A, a copy of the memorandum opinion of Judge Zavatt, 126 USPQ 352 (1960) which decision held that it is the established law of the State of New York that a determination in such a special proceeding is not *res adjudicata* and is not a bar to a plenary action; *Overseas News Agency Inc.* v. *Overseas Press Inc., et al.*, 185 Misc. 1010, 58 N. Y. S. 2d 540, aff'd 270 App. Div. 754, 59 N. Y. S. 2d 913.

In that case, the situation was identical with the one at bar. There, the opinion pointed out the following:

> "The prior proceeding and the present action therefore differ materially and essentially and different proof and evidence are required to sustain each. The bar of res adjudicata is inapplicable where causes of action differ 'materially and essentially' (Shepard Co. v. Zachary P. Taylor Publishing Co., 198 App. Div. 638, 642, 190 N. Y. S. 834, 840, affirmed 234 N. Y. 465, 138 N. E. 409) or where 'different proofs would be required to sustain the two actions'. Lipkind v. Ward, 256 App. Div. 74, 78, 8 N. Y. S. 2d 832, 836."

POINT III

New York State law in this area is in conformity with the determination of the decisions of the lower courts herein.

The statement in petitioner's brief, Point 3, in the instant matter, beside being in error as to the doctrine of *Erie RR Co.* v. *Tompkins*, 304 U. S. 64 (1938) as the same does not apply in the instant case, this case being one based on a suit in equity and the doctrine of *Erie* having been

applied to suits at law is similarly in error as to the law of the State of New York. The following excerpts are intended to cover some of the highlights of the law in New York State:

> "Proof of actual confusion is not essential to plaintiff's right to an injunction. In Taendsticks Fabriks Akticbolagat Vulcan v. Meyers, et al., 139 N. Y. 364, 367, 34 N. E. 904, 905, the court said: 'No evidence was given or offered to show that any person had actually been deceived by the imitation of the plaintiff's trade-mark, and we think that none was necessary for the maintenance of the action. It is the liability to deception which the remedy may be invoked to prevent.'
>
> 'Other authorities support this rule. New York World's Fair 1939 Inc. v. World's Fair, News Inc., 256 App. Div. 373, 10 N.Y.S. 2d 56; 2 Callman, The Law of Unfair Competition and Trade-Marks (1945), Chapter 20, Sec. 80.6, pp. 1124-27."
>
> *Famous Sea Food House v. Skouras,* 272 A. D. 258, 70 N.Y.S. 2d 702, 704.

In *Peerless Electric Co.* v. *Peerless,* 206 Misc. 965, 135 N. Y. Supp. 2d 885, 889 it appeared that there was at least one and perhaps a number of companies using the same trade name in question. The Court held:

> "The failure of the plaintiff to take action against such users does not constitute an abandonment of its right to protect its name."

In *Vaudable* v. *Montmartre, Inc.,* 193 N. Y. Supp. 2d 332, the Court held:

> "Mere failure to proceed against users of the name in other fields or areas is not such acquiescence as precludes the granting of injunctive relief against the present defendants in a field or area where plaintiffs' interests are involved."

New York has granted an injunction where a restaurant in Paris sought to enjoin a restaurant in New York. *Maison Prunier* v. *Prunier Restaurant & Cafe*, 288 N.Y.S. 529.

The cases in New York and Florida clearly hold that personal names when used may be used truthfully and in good faith or their use will be enjoined; *87 C. J. S. 361*; *Oakite Products* v. *Borwitz*, 161 Misc. 807, 293 N.Y.S. 399; *Robert Reis & Co.* v. *Herman B. Reiss Inc.*, 63 N.Y.S. 2d 786; *Ziegfeld* v. *Conklin*, 50 N.Y.S. 2d 906; *May* v. *May*, 45 So. 2d 494 (Fla.); *Gottdiener* v. *Joe's Restaurant*, 111 Fla. 741, 149 So. 646; *S. C. Johnson & Son* v. *Johnson*, 28 F. Supp. 744, rev'd on other grounds, 116 F. 2d 427.

The one case cited by petitioner *Dell Publishing Co. Inc.* v. *Stanley Publications, Inc.*, 9 N.Y. 2d 126, 211 N.Y.S. 2d 393 (1961), was decided upon the question of the evidence warranting the findings of the court and the petition herein does not take issue with the findings of the lower courts in the instant matter but rather seeks to again confuse the courts as to the present state of the law.

POINT IV

The plaintiffs are entitled to an injunction to protect their trade name.

> "Interestingly enough, this problem of protection of names of eating places has come up in quite a number of cases involving restaurants whose proprietors claim to have built up far-reaching reputations for themselves. In every instance but one * to which our attention has been called, the plaintiff has received full protection for the value of his name. Stork Restaurant Inc. v. Sahati, 9 Cir. 1948, 166 F. 2d 348; Nagrom Corp. v. Cock'N Bull Inc., D. C. 1957,

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* This footnote referred to *El Chico Inc.* v. *El Chico Cafe*, 5th Cir. 1954, 214 F. 2d 721; cf. *Faciane* v. *Starner*, 5th Cir. 1956, 230 F. 2d 732, involving a very obscure bar and grill of no material consequence and found the parties not to be in the same kind of business.

149 F. Supp. 217; Ambassador East, Inc. v. Shelton Corners, Inc., D. C. S. D., N. Y. 1954, 120 F. Supp. 551; Stork Restaurant Inc. v. Marcus, D. C. E. D. Pa. 1941, 36 F. Supp. 90; Brass Rail Inc. v. Ye Brass Rail of Massachusetts, Inc., D. C. Mass. 1938, 43 F. Supp. 671; 51 West Fifty-First Corp. v. Roland, 1946, 139 N. J. Eq. 156, 50 A. 2d 369; Maison Prunier v. Prunier's Restaurant & Cafe, Inc., Sup. Ct. 1936, 159 Misc. 551, 228 N. Y. S. 529; See Bill's Gay Nineties, Inc. v. Fisher, Sup. Ct. 1943, 180 Misc. 721, 41 N. Y. S. 2d 234; cf. Pike v. Ruby Foo's Den, Inc., 1956, 98 U. S. App. D. C. 126, 232 F. 2d 683."

Ambassador East Inc. v. *Orsatti, Inc.*, 257 F. 2d 79, 82.

Conclusion

Rule 19 of the Revised Rules of the Supreme Court of the United States provides:

> "1. A review on writ of certiorari is not a matter of right, but of sound judicial discretion, which will be granted only where there are special and important reasons therefore."

The petition fails to show any such "special or important reason."

The petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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APPENDIX

Exhibit A

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF NEW YORK

Civil No. 16936

———o———

LINCOLN RESTAURANT CORP. and COLLINS RESTAURANT CORP., doing business as a joint venture under the firm name and style of WOLFIES and WOLFIES TWENTY-FIRST STREET RESTAURANT, INC.,

Plaintiffs,

against

WOLFIES REST. INC.,

Defendant.

———o———

March 25, 1960

MEMORANDUM

This is a common law unfair competition action, based upon the allegedly improper use by the defendant of the name "Wolfies" which (as alleged in paragraph "Sixteenth" of the complaint) "may deceive or mislead the public as to the identity of the person, firm or corporation owning the defendant's, or as to the connection that the owners of the said restaurant may have with the plaintiffs, or their licensee." Although this action was instituted in 1956 and the defendant interposed in its answer a separate and distinct defense of res judicata, the defendant did not make the present motion to dismiss the complaint until the

case was set down for trial on the March 1960 calendar of this court.

The defendant moves, pursuant to Rule 56 of the Federal Rules of Civil Procedure, for summary judgment upon the ground that a prior, identical action, instituted by the same plaintiffs against the same defendant in the Supreme Court of Kings County, New York, was dismissed by an order of that court dated December 3, 1954 and that, therefore, the defendant is entitled to a judgment as a matter of law.

The so-called prior action was in fact an application made pursuant to § 964 of the New York Penal Law which makes it a misdemeanor for any person, firm or corporation, "with intent to deceive or mislead the public," to use any name, designation or symbol for the purposes of trade which may deceive or mislead the public as to his or its identity or as to his or its connection with another person, firm or corporation. A proceeding under that section of the Penal Code is summary in nature. In the answer of the defendant to the plaintiffs' petition in that proceeding, the defendant contended that "The petition fails to set forth facts sufficient to entitle plaintiffs to the drastic remedy of injunction in a special statutory proceeding of this nature." Now and in the instant action, however, the defendant contends that that prior proceeding and the present action are identical.

An application under § 964 of the New York Penal Law (commonly denoted a motion) will be denied where there is a factual issue as to the alleged intent to deceive. *Directory Publishing Corp.* v. *Suburban Classified Directory Corp.*, 4 Misc. 2d 850, 162 N. Y. S. 2d 236 (1956). See also *Spitz* v. *Lesser*, 302 N. Y. 490 (1951). The statute is designed to afford "summary protection of the public against deception • • • where the languid processes of an ordinary issue between private litigants will not suffice for that purpose." *Agash Refining Corp.* v. *Gash*, 182 Misc. 309, 50 N. Y. S.

2d 927 (1943). Before such a summary and sweeping remedy is granted, the proof in support of the application must be clear and convincing that the statute is or may be violated or that the public is in present danger of harm through deception, *Agash Refining Corp.* v. *Gash*, *supra*, and the court must be satisfied that there was an intent to deceive. *American White Cross Laboratories, Inc.* v. *Gotham Aseptic Laboratory, Inc.*, 81 N. Y. S. 2d 548 (1948).

In an action for unfair competition, on the other hand, it is not essential to allege or prove an intent to deceive the public. The test is, rather, whether the use by a defendant of a plaintiff's name or mark is likely to confuse or mislead the public and injure the plaintiff's name, reputation, good will or business. *Harvey Machine Co. Inc.* v. *Harvey Aluminum Corp.*, 9 Misc. 2d 1078, 175 N. Y. S. 2d 288 (1957), appeal dismissed, 4 App. Div. 2d 1014, 170 N. Y. S. 2d 969 (1957).

The prior proceeding under § 964 of the New York Penal Law and the present action differ materially and essentially and different proof and evidence are required to sustain each. The law of res judicata is inapplicable. *Overseas News Agency, Inc.* v. *Overseas Press, Inc.*, 185 Misc. 1010, 58 N. Y. S. 2d 540 (1945), *aff'd* 270 App. Div. 754, 59 N. Y. S. 2d 913 (1946).

The defendant's motion for summary judgment is denied Settle order within ten days from the date hereof.

(Signature illegible)
U. S. D. J.